

CHRISTINE O. GREGOIRE
Governor



STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

P.O. Box 40002 · Olympia, Washington 98504- 0002 · (360) 902- 4111 · www.governor.wa.gov

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To the Honorable President and Members,
The Senate of the State of Washington

Ladies and Gentlemen:

I am returning herewith, without my approval as to Section 6, Engrossed Substitute Senate Bill 6872 entitled:

"AN ACT Relating to medicaid nursing facility payments."

This bill makes several changes to the nursing facility rate statute.

Section 6 of this bill would reduce the financing allowance from 10 percent to 4 percent for assets purchased prior to May 17, 1999 and from 8.5 percent to 4 percent for assets purchased on or after May 17, 1999. These retroactive reductions in return on investments would apply to owners the state previously had urged to upgrade their facilities. Such changes could make additional needed investments unlikely.

For these reasons I have vetoed Section 6 of Engrossed Substitute Senate Bill 6872.

With the exception of Section 6, Engrossed Substitute Senate Bill 6872 is approved.

Respectfully submitted,

/s/

Christine O. Gregoire
Governor